Policy on handling of client unpaid securities

Background and scope

This Policy establishes the framework for identification, creation, monitoring, release, invocation, extension and liquidation of securities purchased by clients of ICICI Securities Limited (“Company”) which remain unpaid, in accordance with applicable provisions of the Securities and Exchange Board of India ("SEBI"), Exchanges, Clearing Corporations and Depositories.

1. This Policy shall apply to securities purchased by clients in trades which are not covered under the Margin Trading Facility ("MTF"), where the securities have not been paid for in full.
2. Securities bought by the Clients shall be governed by the MTF terms and conditions and regulatory framework.
3. Where the client maintains demat accounts across Depositories, the CUSPA account shall be maintained with the relevant Depository.
4. The CUSPA account shall be used exclusively for the purposes as specified under the relevant regulatory framework.

Regulatory basis

This Policy has been framed with reference to, inter alia:

1. SEBI Circular No. HO/38/11/(9)2026-MIRSD-POD/I/15382/2026 dated July 3, 2026 on "Handling of Client's Unpaid Securities by Trading Members";
2. NSE Circular Ref. No. NSE/INSP/75508 and BSE Notice no. 20260731-12 dated July 31, 2026 on "Operational Guidelines on Handling of Clients’ Unpaid Securities by Trading Members";
3. Master Circulars for Stock Brokers and Operational guidelines issued by Clearing Corporation (CCs) / and Depositories in this regard from time to time.
4. Any other amendments, clarifications and subsequent circulars issued by SEBI, Stock Exchanges, Clearing Corporations and Depositories from time to time.

Definitions

1. **CUSPA**
   "Client Unpaid Securities Pledgee Account" means the separate demat account maintained by the Trading Member with regard to the unpaid securities.

2. **Unpaid Securities**
   Securities purchased by a client which have not been paid for in full by the client i.e. either fully unpaid or partially unpaid.

3. **Pay-out Date**
   The date on which securities purchased by the client are released to the client's demat account pursuant to settlement.

4. **Clear Ledger Balance**
   The client's end-of-day ledger balance available after excluding funds blocked (used) for existing margin obligation of client, for determining whether the securities purchased by the client are paid, unpaid or partially paid.

5. **Unpaid Obligation**
   The amount payable by the client in respect of securities purchased and remaining unpaid.

Identification of unpaid securities

1. For determination of unpaid status of the securities, the end of day clear ledger balance of T Day (T being trading day on which securities purchased by the client) shall be considered. Any funds blocked (used) for existing margin obligation of client, then the same may be excluded from end of day clear ledger balance for determination of unpaid status of the securities. Further, while running the pledge creation process, if there is any update in the ledger balances, the updated balances shall be considered before final pledge creation.

2. CUSPA pledging shall not be initiated in anticipation of future obligations.

3. Where the client has sufficient free and unencumbered funds available in ledger to fully meet the purchase obligation, such securities shall not be marked for CUSPA pledge. Only unpaid securities shall be eligible for CUSPA pledge.

Creation of cuspa pledge

1. Circumstances for creation
   Where securities purchased by the client remain unpaid, the securities shall be credited directly to the client's demat account followed by creation of an auto-pledge in favour of the ICICI Securities Limited Client Unpaid Securities Pledgee Account The pledge shall be created without requiring a separate instruction from the client.

2. The Company shall undertake a client-wise daily calculation to determine the maximum value of securities that may remain pledged in CUSPA. For the computation of CUSPA pledge value, the Company shall pledge the securities to the extent of 120% of the clear ledger debit

balance across segments.
In case the unpaid securities cannot be pledged for partial quantities to the extent of the value arrived as per the above paragraph due to reasons like stocks with minimum lot size, high stock price in absolute terms, etc., ICICI Securities Limited shall pledge the minimum possible quantity of securities as required to recover the outstanding dues which may be in excess of the value arrived as per above mentioned computation.

3. The said calculation shall follow methodology prescribed by the regulators from time to time and as per the internal Risk Management processes of the Company.

Daily release of excess cuspa pledge

1. Based on the daily computation for securities to be pledged in CUSPA as stated in the paragraph herein above, the company shall release any excess securities pledged in CUSPA based on updated ledger balances.

2. Where a client makes a partial payment towards the unpaid obligation, the outstanding obligation shall be recalculated and excess pledged securities shall be released accordingly.

3. The released securities shall become available to the client as free balance on or before the next trading day.

4. Such securities shall be released on First in First Out (FIFO) basis, based on the date of creation of the respective pledge.

Invocation of cuspa pledge

1. Where the client fails to clear outstanding obligations by T+1 End of the day the Company may invoke the CUSPA pledge and liquidate securities on or after two days from the date of purchase of such securities.

2. Invocation shall be undertaken only against the client's outstanding obligation.

Liquidation of unpaid securities

1. Where the client fails to clear outstanding obligations within T+1 day, the Company shall liquidate the unpaid securities. The Company shall consider the outstanding amount, market volatility and charges associated with the liquidation while liquidating the security. Any surplus funds remaining after adjustment of the client’s outstanding obligation will be credited to the client’s ledger.

2. Liquidation shall ordinarily be completed within the maximum five-trading-day period following pay-out date.

3. The sale shall be undertaken using the Unique Client Code ("UCC") allotted to clients. Where the client's trading account is frozen or marked as "Not permitted to trade" or an equivalent status by the Stock Exchange/ Depository, after creation of the pledge, the invoked securities shall be credited to the demat account of the company and would be liquidated under separate UCC created by the Company.

4. The Company shall liquidate the securities invoked on any of the Exchange at it's own discretion.

5. Any charges incurred for the creation, invocation and liquidation of pledged securities shall be borne by the client like stamp duty, STT, SEBI turnover charges, Exchange transaction charges, brokerage, charges for Pledge Creation/ Invocation/ Withdrawal, etc.

6. The Client will be responsible for any resulting losses, brokerage and all associated costs emanating from the aforesaid transactions.

7. The order placement will not be allowed in certain products, being same scrip are sold under CUSPA liquidation, this restriction will apply from overnight till end of market hours on date of liquidation. Any overnight orders placed in same scrip marked for CUSPA liquidation, shall not be forwarded to exchange and cancelled before opening of market on next trading day. Above validation shall be applicable a day prior to CUSPA liquidation. If the scrip is released from CUSPA, the abovementioned validation shall be removed accordingly.
   You may refer the FAQs on our website icicidirect.com for such validations.

8. Where the securities cannot be liquidated due to an exceptional circumstance, the extension process as specified in the policy shall prevail.

Extension of pledge in exceptional circumstances

1. Where liquidation cannot be completed on or before 5 trading days after payout date due to exceptional circumstances, the Company may seek extension in accordance with applicable Exchange/SEBI/CC/Depository guidelines.
   Such exceptional circumstances may include but not limited to:

   a. Security being in lower circuit with only sellers;

   b. suspension or trading halt due to surveillance or any other reason;

   c. security under GSM and permitted only weekly/ monthly trading ;

   d. sale not permitted due to MII (Exchange/ Clearing Corporation/ Depository)/ SEBI instructions;

   e. sale not permitted due to orders of an authority other than MII/ SEBI; or

f. sale not permitted due to PIT Regulations (insider trading restrictions including trading window closure).

g. Any other reason not listed above

2. Extension requests

The Company shall make the extension request latest by the fifth trading day from the pay-out date to depository or to the specified relevant authority. The initial extension may be granted by the authority for up to one additional calendar week. Where the exceptional circumstance continues, further extension may be sought in accordance with the applicable regulatory framework.

The CUSPA pledge shall accordingly be extended for the period approved by the authority.

Auto-release

Where a CUSPA pledge is neither invoked nor released within five trading days after the pay-out date, the pledge shall be automatically released by the Depository at the end of the sixth trading day after the pay-out date. Upon auto-release, the securities shall become available in the client's demat account as free balance without any encumbrance.

The Company may release of the CUSPA pledge at any time before its auto-release by the Depository.

The client may refer to the FAQ section on our website **www.icicidirect.com** for detailed specifications of various products and related modalities.